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FACTORS THAT AFFECTED THE AVERAGE PRICE OF CALIFORNIA CANNED APRICOTS IN 1931-32

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The pronounced declines in the general price level and in the buying power of consumers during the past year resulted in a substantial decrease in both shipments and prices of canned apricots in 1931-32 as compared with 1930-31.

Prices of Canned Apricots. As shown in table 1, the average price, f.o.b. cannery, for both domestic and foreign shipments of canned apricots in 1931-32 was \$2.64 a case, 21 per cent below the 1930-31 price and 28 per cent below the 1928-29 price.<sup>2/</sup> As compared with 1930-31, prices in the domestic market in 1931-32 were relatively more favorable than prices in the export markets. Chiefly as a result of the decline in the English pound sterling, the average price, f.o.b. Pacific Coast dock, received for canned apricots exported to the United Kingdom in 1931-32 was 29 per cent below the 1930-31 price; whereas the average price received for goods sold in the United States in 1931-32 was only 18 per cent below the 1930-31 price.

Shipments of Canned Apricots. Total shipments of California canned apricots in 1931-32 amounted to 2,037,000 cases, 22 per cent smaller than in 1930-31 and 27 per cent smaller than in 1928-29 (table 2). All of this decline was in domestic shipments, which amounted to 1,567,000 cases in 1931-32 as against 2,183,000 cases in 1930-31, a decrease of 28 per cent. Exports were about 14 per cent larger in 1931-32 than in 1930-31.

Domestic Situation. If there had been no change in the general price level or in demand conditions in this country between 1930-31 and 1931-32, the smaller volume of domestic shipments this past year would have resulted in a substantially higher price than was received, or at the same price a much larger volume could have been moved. As a matter of fact, however, there was a material decrease in both the general price level and demand conditions. The depressing influence of these factors upon the price of canned apricots was considerably greater than the lifting influence of the small shipments.

From 1921 to 1929 there was virtually no change in the general level of prices in this country. During those nine years money maintained a uniform value, and prices of a commodity were an accurate measure of their value. Since 1929, however, there has been a pronounced decline in the general price level and, therefore, an equivalent increase in the value of money. While it is not possible, with the data now available, to obtain a precise measure of the decline in the general price level, a rough approximation may be obtained from the indexes given in columns 1 and 2, table 3. For the year June, 1931 to May, 1932 the index of wholesale prices of all

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<sup>2/</sup> F.o.b. prices per case are weighted average prices for all grades and sizes of cans. Regular brokerage, cash discount, swell allowance and label allowance are included. Special or other trade discounts and prepaid items such as prepaid freight are not included.

Prices which canners received for No. 2½ Choice apricots (unpeeled halves) in both 1930-31 and 1931-32 were approximately 14 per cent higher than the average price of all grades and sizes of cans. Thus the average price received for No. 2½ Choice apricots in 1931-32 was about \$1.50 per dozen cans.







commodities will probably average around 100, while the index of general prices will probably average around 142. As compared with 1928-29 the former index will show a decline of about 30 per cent, while the latter will show a decline of about 20 per cent. The actual decline in the general price level has probably been between 20 and 30 per cent, perhaps around 25 per cent. With the general price level in 1931-32 about 75 per cent as high as in 1928-29 and about 87 per cent as high as in 1930-31, the \$2.71 a case which canners received for domestic shipments in 1931-32 would be equivalent to about \$3.60 a case in terms of the value of money in 1928-29 and to about \$3.10 a case in terms of the value of money in 1930-31. In April, 1932 the index of wholesale prices of all commodities was 4 per cent below the 1931-32 average, while the index of general prices was 5 per cent below.

The buying power of consumers, which decreased greatly between 1928-29 and 1930-31, was further reduced in 1931-32. During 1931-32 the Federal Reserve Board Index of Factory Employment averaged around 70 as against 80 in 1930-31 and 100 in 1928-29 (table 3, column 3). In April, 1932 the index of factory employment was at 64. The buying power of people engaged in agriculture experienced an even greater reduction than factory workers. Prices of farm products in 1931-32 were 54 per cent lower than in 1929, while the gross income from agricultural production in 1931 was 42 per cent below that of 1929. <sup>3/</sup> Net farm income unquestionably declined proportionately more than gross farm income. Taken as a group farm people had very little money to spend in 1931-32, and undoubtedly their purchases of semi-luxury products such as canned fruits were greatly curtailed.

The total volume of fruit marketed in the United States in 1931-32 was larger than in any recent year with the single exception of 1926-27. The index of fruit production in 1931-32 was 124 as against 109 in 1930-31 and 115 in 1928-29 (table 3, column 4). The increases in production in 1931-32 as compared with 1930-31 were largely in fresh peaches, fresh apples, and dried apricots. The combined pack of canned peaches, cherries, pears, and pineapples was slightly smaller. The larger total fruit production in 1931-32 as compared with 1930-31 does not fully reflect the increased competition to canned apricots, however, because of the large amount of home canning and the relatively low prices of other canned fruits. The available information indicates that the quantity of fruit canned in the home in 1931 was considerably larger than in other recent years. In many instances home canned fruit was substituted for commercially canned fruits.

The combined effect of the declines in the general price level and the buying power of consumers and the increases in total fruit production and home canning upon the prices of canned apricots, peaches, pears, and pineapples is shown in table 4. Between 1930-31 and 1931-32 the decline in the price quotations of canned apricots was relatively greater than the decline of canned peach or canned pear prices, but relatively smaller than the decline of canned pineapple prices.

Relation Between F.O.B. Prices and Shipments. In figure 1 the annual domestic shipments of canned apricots are measured along the horizontal scale, the annual f.o.b. prices received along the vertical scale. The diagonal line represents the average relation that has existed between domestic shipments and prices during the past nine years, adjusted to the situation in 1931-32. This past year domestic shipments amounted to 1,567,000 cases, the average f.o.b. price was \$2.71



commodities will probably average around 100, while the index of general prices will probably average around 142. As compared with 1928-29 the former index will show a decline of about 30 per cent, while the latter will show a decline of about 20 per cent. The actual decline in the general price level has probably been between 20 and 30 per cent, perhaps around 25 per cent. With the general price level in 1928-29 at about 75 per cent as high as in 1928-29 and about 87 per cent as high as in 1928-29, the \$2.71 a case which farmers received for domestic shipments in 1928-29 would be equivalent to about \$3.50 a case in terms of the value of money in 1928-29 and to about \$3.10 a case in terms of the value of money in 1928-29. In April, 1928 the index of wholesale prices of all commodities was 4 per cent below the 1928-29 average, while the index of general prices was 5 per cent below.

The buying power of consumers, which decreased greatly between 1928-29 and 1930-31, was further reduced in 1931-32. During 1931-32 the Federal Reserve Board index of factory employment averaged around 70 as against 80 in 1928-29 and 100 in 1928-29 (Table 2, column 2). In April, 1929 the index of factory employment was 86. The buying power of people engaged in agriculture experienced an even greater reduction than factory workers. Prices of farm products in 1931-32 were 54 per cent lower than in 1928-29, while the gross income from agricultural production in 1931 was 42 per cent below that of 1928-29. Net farm income unquestionably declined proportionately more than gross farm income. Taken as a group farm people had very little money to spend in 1931-32, and undoubtedly their purchases of semi-luxury products such as canned fruits were greatly curtailed.

The total volume of fruit marketed in the United States in 1931-32 was larger than in any recent year with the single exception of 1928-29. The index of fruit production in 1931-32 was 124 as against 109 in 1928-29 and 118 in 1928-29 (Table 2, column 4). The increase in production in 1931-32 as compared with 1928-29 was largely in fresh peaches, fresh apples, and dried apples. The combined pack of canned peaches, cherries, pears, and pineapples was slightly smaller. The larger total fruit production in 1931-32 as compared with 1928-29 does not fully reflect the increased competition to canned apples, however, because of the large amount of home canning and the relatively low prices of other canned fruits. The available information indicates that the quantity of fruit canned in the home in 1931 was considerably larger than in other recent years. In many instances home canned fruit was substituted for commercially canned fruit.

The combined effect of the decline in the general price level and the buying power of consumers and the increase in total fruit production and home canning upon the prices of canned apples, peaches, pears, and pineapples is shown in Table 4. Between 1928-29 and 1931-32 the decline in the price of canned peaches or canned pears was relatively greater than the decline of canned peach or canned pear prices, but relatively smaller than the decline of canned pineapple prices.

Relation Between F.O.B. Prices and Shipments. In Figure 1 the annual domestic shipments of canned apples are measured along the horizontal scale, the annual F.O.B. prices received along the vertical scale. The diagonal line represents the average relation that has existed between domestic shipments and prices during the past nine years, adjusted to the situation in 1928-29. This past year domestic shipments amounted to 1,527,000 cases, the average F.O.B. price was \$2.71



a case. If the average f.o.b. price had been \$2.50 a case instead of \$2.71 a case and all other conditions had remained the same, it is probable that domestic shipments would have been around 1,840,000 cases instead of 1,567,000 cases. On the other hand, if the f.o.b. price had averaged \$2.90 a case, domestic shipments would probably have been reduced to about 1,310,000 cases.

In figure 2 the diagonal line shows the average relation that has existed between total shipments (including both domestic shipments and exports) and average f.o.b. prices of all canned apricots during the past nine years, adjusted to the situation in 1931-32.

Export Situation: Total exports of canned apricots from the United States in 1931-32 were 14 per cent higher than in 1930-31, but 21 per cent lower than in 1928-29. The United Kingdom, which has always been our most important market for canned apricots, took 86 per cent of our total exports in 1931-32, as against 81 per cent in 1930-31, whereas Canada took only 0.6 per cent last year as against 3.9 per cent the year before. In August, 1931 the Canadian general import duty on canned fruits was raised to 5 cents a pound, which rate practically prohibits us from exporting to that country.

Table 6 shows the United Kingdom imports of canned apricots and all canned fruits. Imports of canned apricots from the United States were 21 per cent larger in 1931-32 than in 1930-31, but imports from Australia were 21 per cent smaller. Combined imports last year amounted to 476,000 cases as against 424,000 cases the year before, an increase of 12 per cent. Average prices which California canners received for canned apricots, however, were 29 per cent lower. In addition to the increase in imports of canned apricots the lower price in 1931-32 is accounted for by the increased competition of other canned fruits, the decrease in the buying power of consumers, a small decline in the general price level, and the break in the exchange rate. The combined effect of these four factors is reflected in the index of prices of canned fruits, table 7, column 1, which was at 70.0 in 1931-32, as against 90.2 in 1930-31, a decrease of 22 per cent.

Total imports of canned fruits into the United Kingdom in 1931-32 amounted to 7,590,000 cases, about 9 per cent larger than in 1930-31, (table 6, column 4).

The buying power of consumers in England was lower in 1931-32 than in 1930-31. Among insured persons the percentage of unemployment averaged 21.7 per cent in 1931-32 as against 19.6 per cent in 1930-31, an increase of 11 per cent (table 7, column 3).

The index of wholesale prices in England, measured in pounds sterling, was only 5 per cent lower in 1931-32 than in 1930-31 (table 7, column 2).

In September, 1931 England went off the gold basis with the resulting decline in the value of the pound sterling in terms of United States dollars (table 7, column 4). The average exchange rate in 1931-32 was 20 per cent below par. In May, 1932 the exchange rate was 24 per cent below par. The decline in the value of the pound sterling resulted in an increase in the price, measured in English currency, of California canned fruits to English consumers which tended to reduce consumption, and a decrease in the price, measured in United States currency, to California canners.







Figure 1.

Average Relation Between F.O.B. Prices and Domestic Shipments of Canned Apricots, Adjusted to the Situation in 1931-32

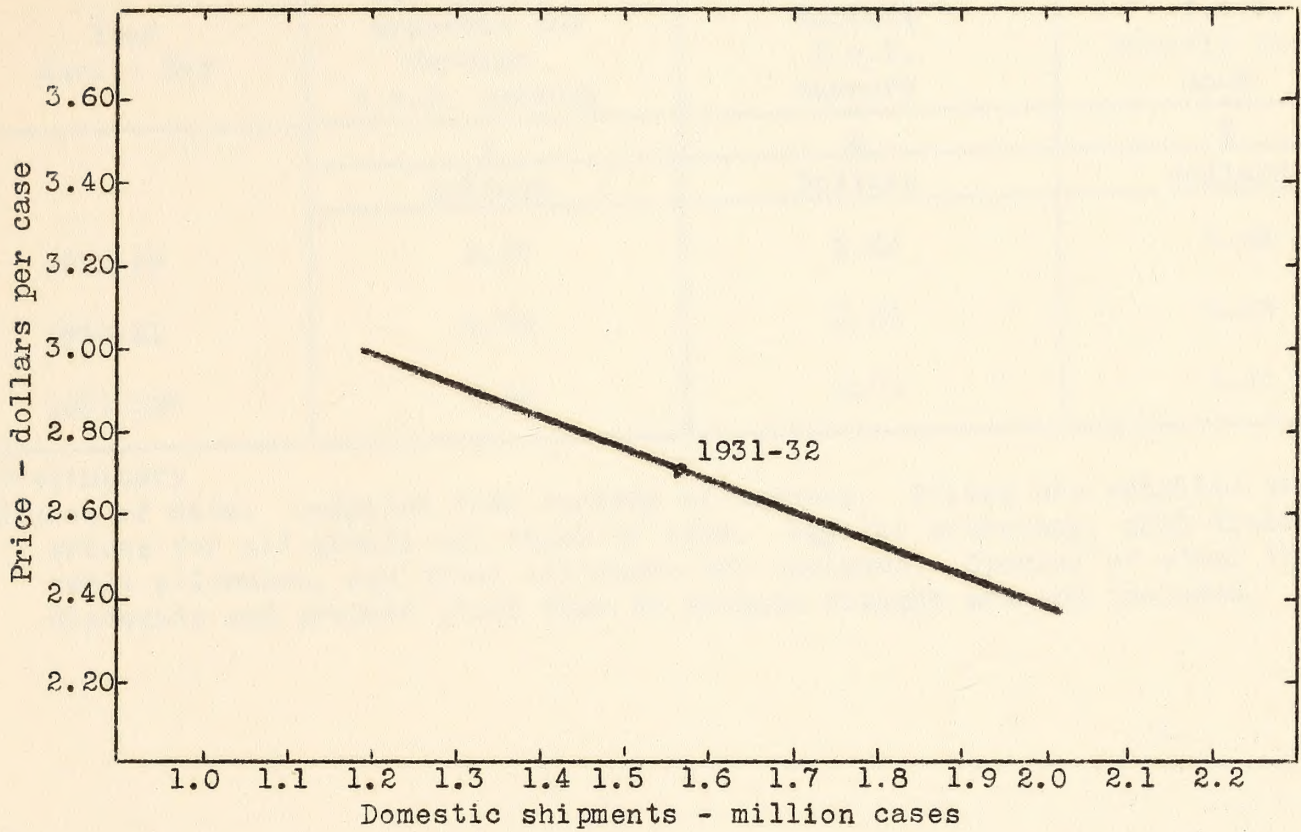


Figure 2.

Average Relation Between F.O.B. Prices and Total (Domestic and Foreign) Shipments of Canned Apricots, Adjusted to the Situation in 1931-32

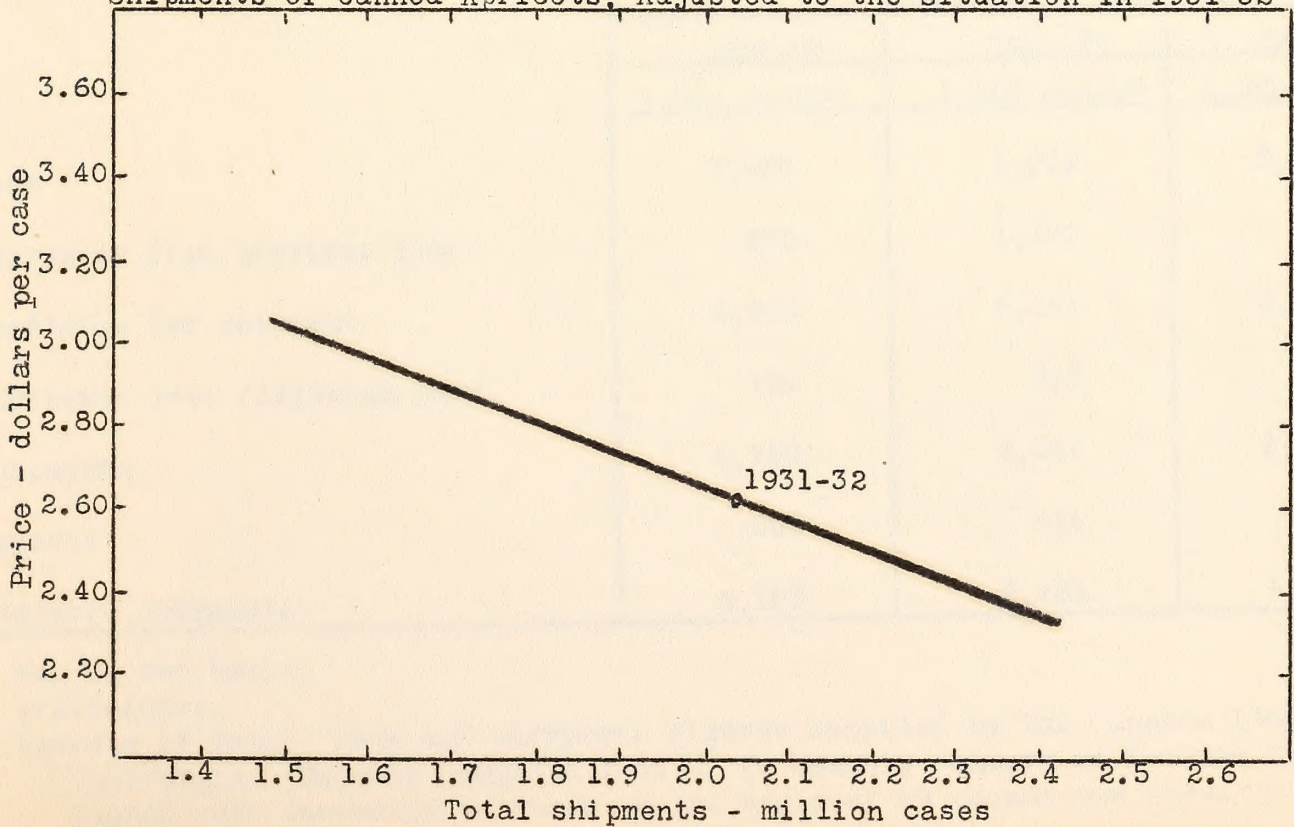








Table 1.

Average Annual Prices Per Case Received for California Canned Apricots

Year June - May	All markets domestic and foreign f.o.b. cannery	Domestic markets f.o.b. cannery	United Kingdom f.o.b. Pacific Coast dock
	1	2	3
	dollars	dollars	dollars
1928-29	3.67	3.64	3.93
1930-31	3.32	3.31	3.42
1931-32*	2.64	2.71	2.44

\* Preliminary

Source of data: Compiled from records of canners. Prices are weighted average prices for all grades and sizes of cans. Regular brokerage, cash discount, swell allowance, and label allowance are included. Special or other trade discounts and prepaid items such as prepaid freight are not included.

Table 2.

Pack, Carryover, Shipments, and Exports of California Canned Apricots

	Year, June - May		
	1928-29	1930-31	1931-32#
	1,000 cases*	1,000 cases*	1,000 cases*
Pack	1,991	1,954	2,006
Carryover from previous year	952	1,189	546
Available for shipment	2,943	3,143	2,552
Carryover into following year	154	546	515
Shipments	2,789	2,597	2,037
Exports	594	414	470
Domestic shipments	2,195	2,183	1,567

\* No. 2½ can basis.

# Preliminary.

Sources of data: Pack and carryover figures compiled by the Canners League of California. Exports compiled from U. S. Monthly Summary of Foreign Commerce. Pounds were converted to cases on the basis of 45 pounds per case.



Average Annual Prices Per Case Received for California Canned Apples

Year - May - June	All markets domestic and foreign l.o.p. cannery	Domestic markets l.o.p. cannery	United Kingdom l.o.p. Pacific Coast dock
	1	2	3
	dollars	dollars	dollars
1928-29	2.67	2.64	2.92
1929-31	2.32	2.31	2.42
1931-32*	2.64	2.71	2.44

\* Preliminary  
 Source of data: Compiled from records of canners. Prices are weighted average prices for all grades and sizes of cans. Regular brokerage, cash discount, swell allowance, and label allowance are included. Special or other trade discounts and prepaid items such as prepaid freight are not included.

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Pack, Carryover, Shipments, and Exports of California Canned Apples

Year - May - June	1928-29	1929-31	1931-32*
	1,000 cases	1,000 cases	1,000 cases
Domestic shipments	2,192	2,122	1,967
Exports	594	414	470
Shipments	2,786	2,537	2,437
Carryover into following year	154	228	218
Available for shipment	2,942	2,765	2,655
Carryover from previous year	222	1,189	246
Pack	1,991	1,984	2,005

\* No. of cases.  
 Source of data: Compiled from U. S. Monthly Summary of Foreign Commerce, California. Exports compiled from U. S. Monthly Summary of Foreign Commerce. Pounds were converted to cases on the basis of 45 pounds per case.



Table 3.

Indexes of Prices, Employment, and Fruit Production in the United States

Year and month	Index of wholesale prices of all commodities av. 1910-1914=100	Index of general prices 1913=100	Index of factory employment av. 1923-1925=100	Index of fruit production
	1	2	3	4
Annual (June-May)				
1928-29	142	178	100	115
1930-31	117	161	80	109
1931-32	100	142	70	124
Monthly				
1931				
June	105	150	76	
July	105	149	75	
August	105	149	74	
September	104	147	73	
October	103	144	70	
November	103	144	69	
December	100	140	69	
1932				
January	98	138	68	
February	97	136	68	
March	96	135	66	
April	96	135	64	

Sources of data:

- Col. 1. U. S. Dept. Labor, Bur. Labor Statistics.
- Col. 2. Standard Trade and Securities Service. Standard Statistical Bulletins. Index prepared by the Federal Reserve Bank of New York.
- Col. 3. Federal Reserve Board Index of Factory Employment, published in the Federal Reserve Bulletin.

Table 4.

Average Quotations on Specified Canned Fruits, F.O.B. California

(Dollars per dozen No. 2½ cans)

Canned fruit	1930-31	1931-32	Per cent 1931-32 of 1930-31
	dollars	dollars	per cent
Peaches (Choice halves)	1.65	1.47	89
Apricots (Choice halves)	1.85	1.50	81
Pears (Choice)	1.95	1.65	85
Pineapples (Fancy sliced)	2.05	1.50	73

Source of data: Compiled from the California Fruit News.







Table 5.

United States Exports of Canned Apricots.

Year June - May	Total	United Kingdom	Canada	Others
	1	2	3	4
	1,000 cases	1,000 cases	1,000 cases	1,000 cases
1928-29	594	410	31	153
1930-31	414	335	16	63
1931-32*	470	406	3	60

\* Preliminary.

Source of data: U. S. Monthly Summary of Foreign Commerce.

Table 6.

United Kingdom Imports of Canned Apricots from the United States and  
Australia and Total Imports of All Canned Fruits

Year July - June	C a n n e d   A p r i c o t s			All canned fruits
	United States	Australia	Total United States and Australia	
	1	2	3	4
	1,000 cases	1,000 cases	1,000 cases	1,000 cases
1928-29	410	89	499	6,814
1930-31	335	89	424	6,883
1931-32*	406	70	476	7,590

\* Preliminary.

Source of data:

Column 1. Compiled from U. S. Monthly Summary of Foreign Commerce.  
Pounds were converted to cases on the basis of 45 pounds per case.

Column 2. Compiled by M. E. Brooding, Statistician, California Packing Corporation.

Column 4. From Accounts Relating to Trade and Navigation of the United Kingdom.







Table 7.

Indexes of Prices and Unemployment in England

Year and Month	Index of prices of canned fruits in dollars	Index of wholesale prices of all commodities in pounds sterling	Percentage of insured persons unemployed	Exchange rate of pound sterling
	1.	2	3	4
Annual (July-June)				
1928-29	98.1	138	11.1	\$4.8665
1930-31	90.2	110	19.6	4.8665
1931-32*	70.0	104	21.7	3.9080
Monthly				
1931				
July		102	22.0	4.8571
August		100	22.0	4.8581
September		99	22.6	4.5535
October		104	21.9	3.8927
November		106	21.4	3.7201
December		106	20.9	3.3779
1932				
January		106	22.4	3.4336
February		105	22.0	3.4577
March		105	20.8	3.6425
April			21.4	3.7477
May				3.6778
June				

\* Preliminary.

Sources of data:

- Column 1. Based on import valuations compiled from Accounts Relating to Trade and Navigation of the United Kingdom.
- Column 2. Federal Reserve Bulletin.
- Column 3. London and Cambridge Economic Service. Monthly Bulletin.
- Column 4. The Annalist.



